

## ENVIRONMENTAL UNCERTAINTY IN MODERATING BUDGETARY PARTICIPATION AND ORGANIZATIONAL COMMITMENT TO BUDGETARY SLACK

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**Abstract.** The purpose of budgetary slack is to facilitate the achievement of the budget by budgeting low income and high budgeting. This study aims to determine the effect of budgetary participation and organizational commitment on budgetary slack with environmental uncertainty as the moderating variable. The population used in this study was 19 Starred Hotels in Ubud Gianyar with a total of 2,151 employees. The method used to determine the sample by using a *purposive sampling technique*. The sample used is as many as 152 employees found in 19 Starred Hotels in Ubud, Gianyar. Data collection was carried out using a questionnaire. The analysis technique used is MRA (*Moderated Regression Analysis*). The results showed that budgetary participation had a positive effect on budgetary slack, while organizational commitment had a negative effect on budgetary slack. Environmental uncertainty can strengthen the influence of budgetary participation on budgetary slack, and environmental uncertainty can weaken the influence of organizational commitment on budgetary slack.

**Keywords:** budgetary participation, budgetary slack, environmental uncertainty, organizational commitment, star hotels

**Abstrak.** Budgetary slack dilakukan untuk mempermudah pencapaian anggaran yaitu dengan cara menganggarkan pendapatan yang rendah dan menganggarkan biaya yang tinggi. Penelitian ini bertujuan untuk mengetahui pengaruh budgetary participation dan organizational commitment terhadap budgetary slack dengan environmental uncertainty sebagai variabel moderasi. Populasi yang digunakan dalam penelitian ini adalah 19 Hotel Berbintang yang ada di Ubud Gianyar dengan jumlah karyawan sebanyak 2.151 orang. Metode penentuan sampel menggunakan teknik *purposive sampling*, sehingga sampel yang digunakan yaitu sebanyak 152 orang karyawan yang terdapat pada 19 Hotel Berbintang di Ubud Gianyar. Pengumpulan data dilakukan dengan menggunakan kuesioner. Teknik analisis yang digunakan adalah MRA (*Moderated Regression Analysis*). Hasil penelitian menunjukkan bahwa budgetary participation berpengaruh positif terhadap budgetary slack, sedangkan organizational commitment berpengaruh negatif terhadap budgetary slack. Environmental uncertainty mampu memperkuat pengaruh budgetary participation terhadap budgetary slack, dan environmental uncertainty mampu memperlemah pengaruh organizational commitment terhadap budgetary slack.

**Kata kunci:** budgetary participation, budgetary slack, environmental uncertainty, hotel berbintang, organizational commitment

## INTRODUCTION

Development of tourism in the Pakraman village of Ubud has led to a shift in the livelihoods of the people of Desa Pakraman Ubud. Which were originally agrarian communities, with the main livelihoods being rice farmers, and most of them produce only to meet their own needs. Nowadays the growth of hotel development in Ubud has increased, This caused a gain in competition level between hotels by providing the best services. In the hotel business industry, A good planning and control is required in order to determine that the plan goes accordingly. Planning and controlling in a company are two inseparable things. One important component for translating the company's overall strategy into short-term and long-term plans and goals is the budget (Bhilawa and Kautsar, 2018).

Budgetary slack reflects the difference between the budget prepared by the manager and the company's best estimate to protect themselves from the risk of not achieving the target budget (Schiff and Lewin in Maria et al, 2013). Budgetary slack is often done if subordinates believe the rewards given depend on achieving targets in the budget so that subordinates will try to build gaps in the budget. Several factors can affect budgetary slack, namely budgetary participation, organizational commitment, and environmental uncertainty.

Participation is a process in the organization, where members of the organization participate and have influence in decision making. In most organizations, managers at the lower middle level have more accurate information than their superiors. Therefore, it can be said that budgetary participation provides an opportunity for subordinates to create budgetary slack (Putri et al, 2017). The higher participation is given by subordinates, Employees are trying to follow their budget plans to reduce the risk of creating budgetary slack. Research conducted by Putri et al (2017), and Kalembang et al (2018) said that budgetary participation has a positive effect on budgetary slack where the higher the budgetary participation, the higher the budgetary slack. However, different research results obtained by Permana et al (2017) and Yandriyan (2019) showed a negative influence between budgetary participation and budgetary slack namely saying that participation can affect the decrease in budgetary slack, which is characterized by positive communication between managers so that subordinates are not compelled to create budgetary slack.

Organizational commitment is an encouragement Within individuals to conduct activities that supports the organizations objectives and prioritize organizational interest, instead of personal interest (Huseno, 2017). Research on organizational commitment conducted by Madjojo (2018) said that organizational commitment negatively affects budgetary slack where the higher organizational commitment causes a decrease in budgetary slack. This illustrates that employees who have high organizational commitment will use the budget to achieve organizational goals, while employees with low organizational commitment will use the budget to pursue their interests. However, different research results obtained by Huseno (2017) showed a positive effect between

organizational commitment and budgetary slack, where the higher the organizational commitment, the higher the budgetary slack will be.

Environmental uncertainty is the perception of organizational members in anticipating the influence of environmental factors on the organization. The existing environmental uncertainty will make it difficult for managers to make plans and control the company's operations. However, in a low environmental uncertainty, individuals can predict the situation, so they can determine steps to assist the organization in budgeting. Under conditions of low uncertainty, information remains easy to obtain, but analytical skills remain limited. Bosses do not fully make optimal decisions due to limitations in processing information, especially on technical information where it is controlled by Technical information employees.

This condition can be used by subordinates to carry out negative actions for their interests by providing biased information to superiors. This means that environmental uncertainty strengthens the effect of budgetary participation on budgetary slack and weakens organizational commitment to budgetary slack. Putri et al (2017) states that environmental uncertainty does not affect moderating the relationship between budgetary participation and budgetary slack. However, different research results obtained by (Setiawan and Ghozali, 2016) shows that environmental uncertainty can moderate the relationship between budgetary participation and organizational commitment to budgetary slack. Based on the description, the purpose of this study is to determine The Effect of Budgetary Participation and Organizational Commitment on Budgetary Slack with Environmental Uncertainty as Moderating (Empirical Studies in Starred Hotels in Ubud).

## LITERATURE REVIEW

**Agency theory.** Agency theory is often referred to as a relationship that occurs when one or more people (principal) give work to another person (agent) and the agent is given the authority to make decisions. In agency theory, shareholders are often referred to as principals or company leaders and recipients of orders or subordinates are called agents. Agency theory was built as an effort to understand and solve problems that arise when there is the incompleteness of information when entering into contracts (Gudono, 2017: 142). The contract intended here is a contract between principal and agent. Agency theory predicts that if an agent has an information advantage over the principal and the interests of the agent and the principal are different, then there will be a principal-agent problem where the agent will take actions that benefit him but harm the principal.

The relationship between the principal and agent can lead to a condition of imbalance information because, in the preparation of the budget, the agent has more information about the company compared to his superiors. This theory states that when a business deals with an incomplete information and uncertainty condition, agency problems will arise in the form of *moral hazard* and unfavorable choices. *Moral hazard* is a condition where the *principal* is not sure that the *agent* uses his ability to work appropriately without thinking about the rewards he receives (Kahar and Chariri, 2016).

**Budgetary slack.** Budgetary slack is included as a form of behavior deviation caused by inadequate attention to decision making, communication, budget approval processes, and non-selective leadership (Permana et al, 2017). If there is a budgetary slack, then the performance will increase because it can reach the revenue target or able to reduce costs below the budget figure. While the actual performance is not optimal because the realization of the achievement is still below the actual target or the realization of costs that have exceeded the actual target number (Siallagan and Januarti, 2017).

**Hypotheses.** Budgetary participation is a joint decision-making process by two or more parties where the decision will have a future impact on those who make it, in other words, workers and lower-level managers have a say in the process (Nafarin, 2017). The involvement of subordinates in budgeting will greatly enable them to provide an acknowledge information. But if the budget is used as a performance measurement tool and the budget is prepared with this approach, then each subordinate will certainly try to reach or even exceed the budget target and reduce the realization of the lowest possible cost so that the superior is considered to have good performance. There are various ways to achieve it and maybe also by ignoring whether the method is ethical or not.

One form of effort that can be seen as deviant behavior is to create budgetary slack. Managers do this to provide a margin of safety to meet budgeted objectives (Ikhsan, 2017). The higher participation is given by subordinates, the subordinates try to make the budget they arrange easily achieved and reduce the risks that may be faced by creating a budgetary slack. Research conducted by Putri et al (2017), and Kalemang et al (2018) states that interactions that occur between participation in budgeting can create budgetary slack. Based on the description, the hypotheses that can be built in this study are:

**H1:** Budgetary participation has a positive effect on budgetary slack.

Organizational commitment is a person's willingness to commit themselves and show loyalty to the organization because they feel involved in organizational activities (Wibowo, 2016: 188). An increase or decrease in budgetary slack depends on the extent to which individuals prioritize personal interests or work for the interests of their organizations which is a reflection of the level of commitment they have. Organizational commitment has a negative effect on budgetary slack because high commitment makes individuals more concerned with the organization than personal interests and tries to make the organization better. Conversely, the low organizational commitment will make individuals prioritize their interests rather than organizational interests so that subordinates are encouraged to do budgetary slack.

Research conducted by Madjojo (2018) said that organizational commitment has a negative effect on budgetary slack, where the higher organizational commitment results in decreased budgetary slack. This illustrates that employees who have high organizational commitment will use the budget to achieve organizational goals, while employees with low organizational commitment will use the budget to pursue their interests. Based on the description, the hypotheses that can be built are as follows:

**H2 :** Organizational commitment has a negative effect on budgetary slack.

Low environmental uncertainty will encourage subordinates who participate in preparing the budget to do budgetary slack (Huseno, 2017). This conclusion is based on the assumption that subordinates involved in budgeting, with low environmental uncertainty, are conditions that enable them to obtain accurate information from various sources. The information obtained, especially information relating to the technical field which is more controlled by subordinates compared to their superiors. The ability for subordinates to analyse the information from technical field, will support superiors in preparing the company's budget plans. However, the possibility of the opposite could occur, subordinates did not provide the information to their superiors because of personal interests. In these conditions, subordinates do budgetary slack.

In general, budgetary slack can occur due to information obtained from its ability to predict prospects and can overcome environmental uncertainty hidden for personal gain. Therefore, the efforts of managers to create a budgetary slack when the manager participates in preparing the budget will certainly also be influenced by the managers' perceptions of the environmental conditions they face. Environmental uncertainty in this study is defined as the taste or perception of an individual's inability to predict something precisely that comes from the organizational environment. The higher environmental uncertainty, the interaction between environmental uncertainty and budgetary participation will increase managers' tendency to create budgetary slack. Research conducted by (Setiawan and Ghazali, 2016) shows environmental uncertainty can moderate the relationship between budgetary participation and budgetary slack. Based on the description, the hypotheses that can be built in this study are as follows:

**H3:** Environmental uncertainty moderates the effect of budgetary participation on budgetary slack.

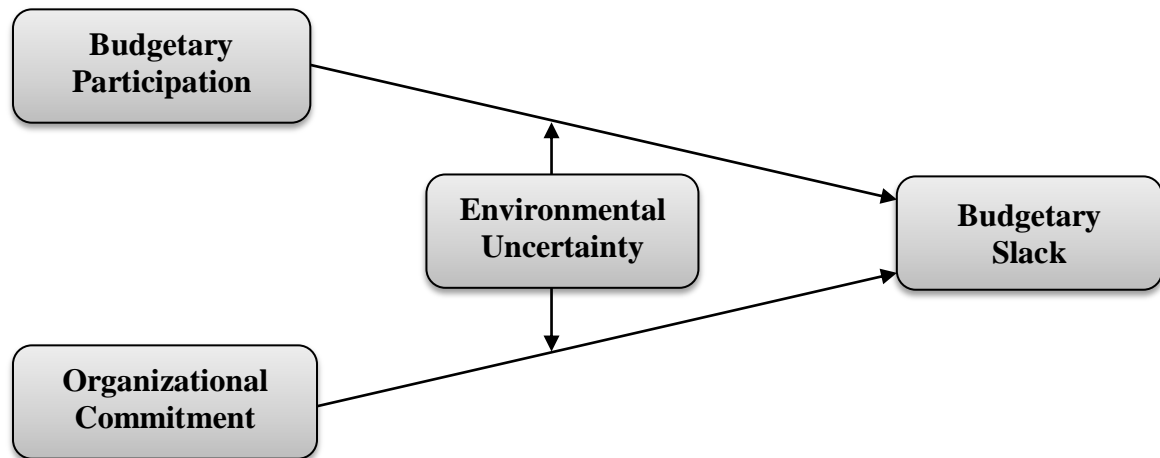
Environmental uncertainty can affect the relationship between organizational commitment and budgetary slack because the level of uncertainty faced by subordinates in the organizational environment has important implications in reducing the commitment of managers to the organization (Sukayana and Putri, 2019). This is proven in Huseno (2017) research, which argues that organizational commitment has a good effect on business and performance because organizational commitment is a psychological tool in carrying out its organization for achieving expected performance. When environmental uncertainty increases, it takes a high commitment of managers to the organization by looking for various information and alternatives so that decisions taken are more effective.

High commitment makes managers pay more attention to the continuity of the organization and try to make the organization towards a better way by using the information they get to compile the budget to be relatively appropriate so that high commitment and the possibility of budgetary slack can be avoided. The higher the environmental uncertainty, the lower the manager's commitment to the organization to avoid budgetary slack. Conversely the lower the environmental uncertainty, the higher the manager's commitment to the organization to avoid budgetary slack. In research (Sukayana and Putri, 2019) proved that environmental uncertainty can moderate the relationship of

organizational commitment on budgetary slack. Based on these descriptions, the hypotheses that can be built in this study are:

**H4 :** Environmental uncertainty moderates the relationship of organizational commitment to the budgetary slack

The research framework can be described as follows:



**Figure 1.** Framework for Thinking

Source: Researchers' Thought Results (2019)

## METHOD

**Research location.** The location of the study was conducted at a five-star hotel located in Ubud, Gianyar Regency because at this time the development of hotel development in Ubud has increasingly increased causing competition between hotels in providing the best service is also increasing.

**Research object.** The object of research is something that is of concern in a study, the object of this research is the target in research to get answers or solutions to problems that occur (Sugiyono, 2017). The objects in this study are budgetary participation, organizational commitment, budgetary slack, and environmental uncertainty.

**Definition of operational variables.** The variables in this study were measured using a questionnaire with 5 Likert scales namely strongly disagree (STS) rated one, disagree (TS) given two, neutral (N) given three, agree (S) given four, and strongly agree (SS) given a value of five. The budgetary participation variable is measured by 5 indicators adopted from Milani in Rizqi (2018), namely participation in budgeting, satisfaction in preparing the budget, the need to provide an opinion, willingness to give an opinion, and the magnitude of influence on the final budget determination. The variable organizational commitment is measured by 9 indicators adopted from Mowday in Sutrisni (2014), namely

willingness, pride in the organization, acceptance, individual value to the organization, part of the organization, inspiration, pleasure in organizational choices, best places, and caring.

Variables environmental uncertainty measured using 12 indicators developed by Dunk in Rizqi (2018), namely beliefs with the methods used, the acquisition of important information to support decisions, measuring whether or not a decision has been taken, elements outside of control that can affect a decision, confidence in taking an action, confidence in adjustments to deal with changes, confidence in actions that are in line with budget targets, working by information obtained, knowing expectations from outside parties for the progress of agencies, difficulties in determining methods to achieve budget targets, confidence in doing work, and the frequency of facing new problems. The budgetary slack variable is measured by 6 indicators adopted from Dunk in Rizqi (2018) namely the budget encourages productivity, certainty about the implementation of departmental budgets monitors expenditure that is the authority, the budget is responsible, there is a budget target that must be achieved and difficulties in achieving the budget.

**Population and sample.** The population in this study were 19 starred hotels in Ubud with 2,151 employees (Gianyar Regency Tourism Potential Directory, 2019). The sample was selected using a non-probability sampling technique in the form of purposive sampling, namely the determination of samples with certain calculations or criteria. The samples used in this study were 152. The criteria for determining the samples used in this study were as follows:

**Table 1.** Research Sample

No	Sample Criteria	Amount
1	Number of employees registered at 19 Starred Resort Hotels in the Ubud area.	2.151
	<b>Reduction of Sample Criteria 1:</b>	
2	Employees who do not hold managerial positions or heads of manager-level divisions	(1.909)
	<b>Reduction of Sample Criteria 2:</b>	
3	Managers who have held positions for less than one year	(90)
	<b>Total Samples</b>	<b>152</b>

Source: Directory of Tourism Potentials in Gianyar Regency 2019, Data Processed (2019)

**Data collection methods.** The data collection method uses a questionnaire (questionnaire). The method of using a questionnaire was carried out to obtain information from managers and subordinates involved in the budget preparation process or responses to statement items used as indicators for all four research variables. The questionnaire was adopted from the research of Christina (2009) and Kahar and Chariri (2016). Respondents' answers will be measured using a Likert scale with 5 point score scale, where 5 is the highest score and 1 is the lowest score.

**Data analysis technique.** Testing the hypothesis using an interaction regression analysis tool. This is because the moderating variable used is pure moderator, where the moderator variable does not function as an independent variable but directly interacts with other predatory variables. Besides looking at the effect of each independent variable, interaction regression analysis can also be used to see the extent of the effect of the interaction of moderating variables with the independent variables on the dependent variable. According to Ghazali (2016: 229) interaction test or often referred to as *Moderated Regression Analysis* (MRA) is a special application of linear regression where the regression equation contains interaction elements (multiplication of two or more independent variables). The *Moderated Regression Analysis* (MRA) is expressed in the form of an equation as follows:

$$BS = \alpha + \beta_1 BP + \beta_2 OC + \beta_3 EU + \beta_4 BP.EU + \beta_5 OC.EU + e$$

(1)

Note:

$\alpha$  = constant

$\beta_1 - \beta_5$  = Regression coefficient

BS = Budgetary slack

BP = Budgetary participation

OC = Organizational commitment

EU = Environmental uncertainty

BP.EU = Absolute value between BP and EU, which represents the interaction between budgetary participation and environmental uncertainty.

OC.EU = Absolute value between OC and EU, which represents the interaction between organizational commitment and environmental uncertainty.

e = Standard error

## RESULTS AND DISCUSSION

**Description of the research object.** In this study, 152 questionnaires were distributed. All the questionnaires distributed were returned in full and answered, so that the questionnaires that can be used in this study were 152 questionnaires, with a response rate of 100 percent. The summary of sending and returning the research questionnaire is shown in Table 2.

**Table 2.** Questionnaire Delivery and Returns

No.	Remarks	Number
1	A questionnaire distributed (19 Starred Hotels)	152
2	Questionnaire returnedReturns	152
3	The questionnaire that was not filled in completely	(0)
4	Questionnaire analyzed	152
<b>Response rate (152/152 x 100%)</b>		<b>100%</b>

Source: Data processed (2019)



**Test results for validity and reliability.** The instruments in this study were tested for validity and reliability beforehand to find out whether the instruments used in this study were feasible or not. Validity testing is done by looking at the Pearson correlation value, namely by calculating the correlation between the scores of each item with the total score. An instrument is said to be valid if the Pearson correlation to the total score is above 0.30. For reliability testing the Cronbach Alpha value is seen. The instrument is said to be reliable if the results of the Cronbach Alpha are greater than 0.60.

**Table 3.** Test Results of Validity and Reliability

Variables	Indicator	r count	r tables	Cronbach's Alpha	Description
Budgetary Participation (BP)	BP <sub>.1</sub>	0.671	0.30	0.759	Valid and Reliable
	BP <sub>.2</sub>	0.742	0.30		
	BP <sub>.3</sub>	0.757	0.30		
	BP <sub>.4</sub>	0.698	0.30		
	BP <sub>.5</sub>	0.724	0.30		
Organizational Commitment (OC)	OC <sub>.1</sub>	0.633	0.30	0.876	Valid and Reliable
	OC <sub>.2</sub>	0.758	0.30		
	OC <sub>.3</sub>	0.724	0.30		
	OC <sub>.4</sub>	0.804	0.30		
	OC <sub>.5</sub>	0.822	0.30		
	OC <sub>.6</sub>	0.745	0.30		
	OC <sub>.7</sub>	0.625	0.30		
	OC <sub>.8</sub>	0.678	0.30		
	OC <sub>.9</sub>	0.690	0.30		
Environmental Uncertainty (EU)	EU <sub>.1</sub>	0.622	0.30	0.844	Valid and Reliable
	EU <sub>.2</sub>	0.607	0.30		
	EU <sub>.3</sub>	0.583	0.30		
	EU <sub>.4</sub>	0.592	0.30		
	EU <sub>.5</sub>	0.659	0.30		
	EU <sub>.6</sub>	0.595	0.30		
	EU <sub>.7</sub>	0.619	0.30		
	EU <sub>.8</sub>	0.522	0.30		
	EU <sub>.9</sub>	0.667	0.30		
	EU <sub>.10</sub>	0.649	0.30		
	EU <sub>.11</sub>	0.635	0.30		
	EU <sub>.12</sub>	0.614	0.30		

**Table 3.1** (Lanjutan) Test Results of Validity and Reliability

Variables	Indicator	r count	r tables	<i>Cronbach's Alpha</i>	Description
Budgetary Slack (BS)	BS <sub>.1</sub>	0.630	0.30	0.732	Valid and Reliable
	BS <sub>.2</sub>	0.758	0.30		
	BS <sub>.3</sub>	0.594	0.30		
	BS <sub>.4</sub>	0.675	0.30		
	BS <sub>.5</sub>	0.618	0.30		
	BS <sub>.6</sub>	0.641	0.30		

Source: Data processed, 2019

Based on Table 3, it can be seen that all research instruments used to measure budgetary participation, organizational commitment, environmental variables uncertainty, and budgetary slack have a correlation coefficient with a total score of all statement items greater than r table that is 0.30. This shows that the points of the statement in the research instrument are valid and fit to be used as research instruments. The reliability test results also showed that all research instruments had a coefficient Cronbach Alpha Of more than 0.60. This means that all variables meet the reliability or reliability requirements so that they can be used to conduct research.

**Classic assumption test results.** This study using three classic assumption tests namely normality test, heteroscedasticity test, and multicollinearity test. The normality test conducted in this study uses the *Kolmogorov Smirnov One-Sample Test* by finding the *p-value*. The *Kolmogorov Smirnov* (KS) value in this study was 0.059 and the Asymp Sig (2-tailed) value was 0.200 greater than the alpha value of 0.05. These results indicate that the regression equation model in this study is normally distributed.

The heteroscedasticity test aims to test whether in the regression model there is an unequal variance from the residuals of one observation to another. To detect the presence or absence of heteroscedasticity is done by the Glejser test. The significance value of the variable budgetary participation was 0.130, Organizational commitment amounted to 0.918, environmental uncertainty amounted to 0.634, budgetary participation with environmental uncertainty as moderating by 0.151, organizational commitment with environmental uncertainty as moderating amounted to 0.543. These values are greater than 0.05, which means there is no influence between the independent variables on *absolute residuals* so that the model in this study does not contain symptoms of heteroscedasticity.

The values commonly used to indicate the presence of multicollinearity are *Tolerance Value*  $\geq 0.10$  and VIF value  $\leq 10$ , so there is no multicollinearity between the independent variables. The multicollinearity test results found that the variable budgetary participation had tolerance greater than 0.1 (0.586 > 0.1) and VIF was smaller than 10 (1.707 < 10), variable Organizational commitment has tolerance greater than 0.1 (0.518 > 0.1) and VIF is smaller than 10 (1.931 < 10), variable environmental uncertainty has tolerance greater than 0.1 (0.464 > 0.1) and VIF less than 10 (2,154 < 10), variable

budgetary participation with environmental uncertainty as a moderator has tolerance greater than 0.1 ( $0.482 > 0.1$ ) and VIF is smaller than 10 ( $2.077 < 10$ ), and variable organizational commitment with environmental uncertainty as a moderator has a tolerance greater than 0.1 ( $0.362 > 0.1$ ) and VIF is smaller than 10 ( $2.759 < 10$ ). This means that in this research model multicollinearity does not occur.

**MRA (Moderated Regression Analysis) test results.** The MRA test is a special application of multiple linear regression. MRA in its regression equation contains interactions, namely the multiplication of two or more independent variables. MRA testing is used to explain the effect of moderating variables in strengthening or weakening the relationship between independent variables and dependent variables.

**Table 4.** Results of MRA (Moderated Regression Analysis)

Variable	Coefficient	t-Statistic	Prob.	Conclusion
Constant	14.363	6.576	0.000	
BP	0.183	2.900	0.004	H1 received
OC	-0.130	-2.491	0.014	H2 received
EU	0.228	5.141	0.000	
BP.EU	0.003	2.665	0.009	H3 received
OC.EU	-0.003	-3.047	0.003	H4 received
R-squared		0.533		
Adjusted R-squared		0.517		
F-statistic		33.277		
Prob (F-statistic)		0.000 <sup>b</sup>		

Source: MRA output results, 2019

**Coefficient of determination.** The coefficient of determination ( $R^2$ ) is a measure of conformity which shows the proportion of the total variation of the dependent variable explained by the independent variables together. Based on Table 4, the magnitude of the influence of the independent variables on the dependent variable shown by the total determination value (*Adjusted R Square*) of 0.517 means that 51.7% of the variation of the budgetary slack variable is influenced by budgetary participation, organizational commitment with environmental uncertainty as a moderating variable, while the remaining 48.3% is explained by other factors not included in the model.

**F. Test.** This test is conducted to determine whether all independent variables, namely budgetary participation, organizational commitment, and environmental uncertainty simultaneously influence budgetary slack. Based on Table 4, it can be seen the significance value of the F-statistic value of 0.000 is less than 0.05 ( $0.000 < 0.05$ ) so that the model in this study is declared fit and fit the data. It can also be concluded that all independent variables simultaneously influence the dependent variable.

**t-test.** This test is used to test the effect of each independent variable partially on the dependent variable. Based on Table 4, we can see the significant value for the variable budgetary participation of 0.004 less than 0.05 ( $0.004 < 0.05$ ) with a positive coefficient value 0.183, so that  $H_1$  received, in other words, budgetary participation positively affects budgetary slack. Significant value for the variable organizational commitment of 0.014 less than 0.05 ( $0.014 < 0.05$ ) with the coefficient of -0.130, so that  $H_2$  is received, in other words, organizational commitment negatively affects the budgetary slack.

Significant value for the variable budgetary participation with environmental uncertainty as moderating 0.009 less than 0.05 ( $0.009 < 0.05$ ) with a positive coefficient of 0.003, so that  $H_3$  accepted. This means that environmental uncertainty can moderate the effect of budgetary participation on budgetary slack. Significant value for the variable organizational commitment with environmental uncertainty as moderating 0.003 less than 0.05 ( $0.003 < 0.05$ ) with a negative coefficient value of -0.003, so that  $H_4$  is received, in other words, to moderate the effect of environmental uncertainty on budgetary slack organizational commitment.

**Effect of budgetary participation on budgetary slack.** Based on the results of the analysis, it can be seen that budgetary participation has a positive effect on budgetary slack. This happens because if the budget is used as a performance measurement tool, then each subordinate will certainly try to achieve or even exceed the budget target and reduce the realization of the lowest possible cost so that the superior is considered to have good performance. To achieve good performance, of course, will be pursued by all means and perhaps by ignoring whether the method is ethical or not. One form of effort that can be seen as deviant behavior is to create budgetary slack.

Budgetary slack conducted by employees of the Starred Hotel in Ubud aims to make it easier for employees to reach the target of the budget so that their performance still looks good and improves in the hotel where they work. In other words, the higher the participation of subordinates, the subordinates will try to arrange a budget that is easy to achieve and reduce the risks that may be faced by creating a budgetary slack. The results of this study are in line with research conducted by Putri *et al* (2017), and Kalemang *et al* (2018) namely the interaction between budgetary participation in budgeting can create budgetary slack.

**Effect of organizational commitment on budgetary slack.** Based on the results of the analysis it can be seen that organizational commitment has a negative effect on budgetary slack. An increase or decrease in budgetary slack depends on the extent to which individuals prioritize personal interests or work for the interests of their organizations which is a reflection of the level of commitment they have. The emergence of commitment in organizations is caused by individuals having emotional ties to the organization which includes moral support and accepting the values that exist in the organization and the determination from within to serve the organization.

The results of this study are in line with research conducted by Madjojo (2017) which states that organizational commitment has a negative effect on budgetary slack

where the higher organizational commitment, causes a decrease in budgetary slack. This illustrates that employees who have high organizational commitment will use the budget to achieve organizational goals, while employees with low organizational commitment will use the budget to pursue their interests.

**Environmental uncertainty moderates of budgetary participation and budgetary slack.** Based on the analysis, it is known that environmental uncertainty strengthens the effect of budgetary participation on budgetary slack. This means that the increasing budgetary participation with environmental uncertainty as a moderator, the budgetary slack will increase. In general, this is due to information obtained from its ability to predict prospects in overcoming uncertainty, deliberately hidden for personal gain. Therefore, the efforts of managers to create a budgetary slack when the manager participates in preparing the budget will certainly also be influenced by the managers' perceptions of the environmental conditions they face.

Environmental uncertainty in this study is defined as the taste or perception of an individual's inability to predict something precisely that comes from the organizational environment. The higher environmental uncertainty, the interaction between environmental uncertainty and budgetary participation will increase managers' tendency to create budgetary slack. Conversely, the lower the environmental uncertainty, the interaction between environmental uncertainty with budgetary participation will reduce the tendency of managers to create budgetary slack. The results of the study are supported by research conducted by Putri et al (2017) showing environmental uncertainty can moderate the relationship between budgetary participation and budgetary slack.

**Environmental uncertainty moderates of organizational commitment to budgetary slack.** Based on the results of the analysis, it can be seen that environmental uncertainty can weaken the effect of organizational commitment on budgetary slack. This means that increasing organizational commitment with environmental uncertainty as a moderator, the budgetary slack will increase. The ability to analyze and predict different environments will lead to different perceptions of managers about the uncertainty they face. Environmental uncertainty can affect the relationship between organizational commitment and budgetary slack because the level of uncertainty faced by subordinates in the organizational environment has important implications in influencing managers' commitment to the organization (Setiawan and Ghazali, 2016).

When environmental uncertainty increases, it takes a high commitment of managers to the organization by looking for various information and alternatives so that decisions taken are more effective. In the beginning, the high commitment made managers pay more attention to the continuity of the organization and tried to make the organization towards a better way by using the information they got to compile the budget to be relatively appropriate so that high commitment to the possibility of budgetary slack could be avoided. But on the other hand, if the perceived environmental uncertainty is high, then the manager's high commitment to the organization to avoid budgetary slack cannot be carried out. The results of this study are in line with research conducted by Putri et al (2017) which

proves that environmental uncertainty can moderate the relationship of organizational commitment on budgetary slack.

## CONCLUSION

**Conclusions.** Based on the results and discussion, this study concludes that budgetary participation has a positive effect on budgetary slack. This means that as budgetary participation increases, budgetary slack will increase. Organizational commitment has a negative effect on budgetary slack. This means that as organizational commitment increases, budgetary slack will decrease. Environmental uncertainty can strengthen the influence of budgetary participation on budgetary slack. This means that increasing budgetary participation with environmental uncertainty as a moderating factor will increase budgetary slack, so it can be concluded that environmental uncertainty can strengthen the influence of budgetary participation on budgetary slack. Environmental uncertainty can weaken the effect of organizational commitment on budgetary slack. This means that increasing organizational commitment with high environmental uncertainty will also increase the occurrence of budgetary slack.

**Advice.** For five-star hotels in Ubud, it is better to design regulations and policies to reduce environmental uncertainty and budgetary participation by subordinates or employees, to anticipate the possibility of budgetary slack occurring by employees. Bosses or hotel owners should pay more attention or increase employees' commitment to the company or its organization so that subordinate employees will not conduct a budgetary slack with the aim that their performance looks good. For further research, it is better to add research samples and add other variables that might influence the budgetary slack that occurs in an organization or company.

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